

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF MICHIGAN

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AP PRODUCTS, INC.,  
a Michigan corporation,

Plaintiff/Counterclaim Defendant,

vs.

RONALD L. CHESNUT,  
an individual,

Defendant/Counterclaimant.

Case No. 1:13-cv-555

Honorable Janet T. Neff

**MEDIATION SETTLEMENT**  
**AGREEMENT**

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Charles R. Bappert (P41647)  
**Biringer, Hutchinson, Lillis,  
Bappert & Angell, P.C.**  
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NOW COME the parties, Plaintiff AP Products, Inc., by and through its attorneys, Biringer, Hutchinson, Lillis, Bappert & Angell, P.C., and Defendant Ronald L. Chesnut, by and through his attorneys, Howard Law Group, this matter been mediated with Michael C. Walton as Mediator on Monday, December 9, 2013, to stipulate and enter into this Settlement Agreement for good and valuable consideration, such consideration including the terms of this Agreement, as follows:

1. The parties shall execute a Mutual Confidentiality and a Disclosure and Non-Disclosure Agreement and Non-Disparagement Agreement as drafted by counsel with regard to this action and the settlement.

**EXHIBIT 1**

2. The parties agree that the License Agreement dated April 5, 2006, is hereby terminated subject to the provisions set forth in this Settlement Agreement.

3. Plaintiff has certain inventory in its possession which is subject to the License Agreement dated April 5, 2006, and has ordered certain materials from component suppliers with which to assemble inventory which would be subject to the License Agreement dated April 5, 2006.

4. The parties agree that despite the termination of the License Agreement as set forth herein, Plaintiff shall continue to pay a royalty to Defendant of five percent (5%) of the base selling price for each licensed unit or subassembly sold as set forth in Part 3 of the License Agreement dated April 5, 2006.

5. The parties agree that Plaintiff has or may acquire or assemble and may sell licensed units or subassemblies subject to the License Agreement dated April 5, 2006, up to and including March 31, 2014.

6. The parties agree that Plaintiff may sell or supply materials from component suppliers for either warranty or repair purposes.

7. The parties agree that Plaintiff shall hire an accountant agreeable to Defendant to verify the accuracy of royalty payments for each licensed unit or subassembly sold as set forth in Part 3 of the License Agreement dated April 5, 2006, for the period between January 1, 2013 up to and including March 31, 2014.

8. Plaintiff releases any claim which it has in Patent No. 6,609,766 to Defendant.

9. Defendant releases any claim which he has in the trademark or copyright "Unified Tow Brake" to Plaintiff.

10. The parties agree to enter into a Mutual Release and Settlement Agreement and to dismiss United States District Court for the Western District of Michigan Case No. 1:13-cv-555, utilizing documents agreeable to counsel.

11. Any and all disputes regarding the execution, performance, intent or meaning of this Mediation Agreement or the Full and Final Release and Settlement Agreement shall be submitted to Michael C. Walton, Mediator, for resolution.

**BIRINGER, HUTCHINSON, LILLIS,  
BAPPERT & ANGELL, P.C.**  
Attorneys for Plaintiff/Counterclaim Defendant

Date: December 9, 2013

By: 

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**AP PRODUCTS, INC.**

Date: December 9, 2013

By: 

Thomas C. Manning IV  
Its President

**HOWARD LAW GROUP**  
Attorneys for Defendant/Counterclaimant

Date: December 9, 2013

By: 

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Date: December 9, 2013

By: 

Ronald L. Chesnut